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BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 01-106-C, Investigation by the Department of Telecommunications and Energy on its own motion, pursuant to G.L. c. 159, § 105 and G.L. c. 164 § 76, to increase the participation rate for discounted electric, gas and telephone service
Compliance Tariff Filing

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State" or "Company"), please find Bay State's tariff compliance filing as required in the Order dated October 14, 2005, in the above referenced docket. Bay State respectfully requests Department approval of Section 7.18 - Residential Assistance Adjustment Clause, contained in the Company's Tariff Number M.D.T.E. No. 4, proposed to be effective November 1, 2005. Pursuant to the Department's orders in D.T.E. 01-106-B and D.T.E. 01-106-C, this proposed tariff provides for the deferral and recovery of reduced revenue generated by the increased participation in the Company's low-income discounted rates, Rates R-2 and R-4.

In D.T.E. 01-106-B, the Department established a reconciliation mechanism that would allow utilities to recover any revenue shortfall associated with increased participation in the discounted rates until the next base rate case, at which time the discounts provided to all low income customers would be reflected in new base distribution rates. See D.T.E. 01-106-B at 9. In D.T.E. 01-106-C, the Department noted that Bay State already had a G.L. c. 164, § 94 rate proceeding well underway, and that the Department would address the Company's recovery of any low-income revenue shortfall on a going-forward basis in its Order in D.T.E. 05-27. See D.T.E. 01-106-C at fn. 5 and fn. 6, respectively. Accordingly, Bay State hereby waits to submit its first actual Residential Assistance Adjustment Factor ("RAAF"), which will be applicable to all firm sales and firm transportation customers, until it files its compliance filing in D.T.E. 05-27.¹

¹ The Company notes that it will also incorporate, as part of its D.T.E. 05-27 compliance filing, the approved Residential Assistance Adjustment Clause ("RAAC") into the approved Local Distribution Adjustment Clause ("LDAC"). Accordingly, the Company anticipates that this will result in the reordering of the RAAC, which is Section 7.18 of the current LDAC.

Enclosed for the Department's convenience is a red-lined and clean version of the Company's LDAC – M.D.T.E. No. 4, which incorporates the proposed Section 7.18 - Residential Assistance Adjustment Clause, and all references thereto. Also enclosed is the \$100 filing fee.

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Service List (1 electronic copy)